Dramatic turn in stock markets

5419. SHRI C. M. IBRAHIM: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that stock markets recently took a dramatic turn for the worse with invstors losing a massive Rs. 60,000 crores in the largest meltdown in the country's stock market history since the famous Harshad Mehta's case in early 90's with Sensex falling 361 points on April 4, 2000;

(b) if so, whether Government have caused any probe into the securuties senario; if so, the reasons for such an abrupt fall in securities to the detriment of the investors especially small investors; if so, the outcome thereof; and

(c) how far the plunge in the Sensex has since improved?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) Price fluctuations on stock markets are influenced by multiple factors, which include expectations of investors regarding the performance of the corporate sector and the economy in general, about economic policies of the Government, developments in international capital markets etc. During April, 2000, the BSE Sensex has been generally on a downtrend with the Sensex falling by 361 and 291 points on the 4th and 17th April, 2000. The closing figures of BSE Sensex from 1st April, 2000 to 11th May, 2000 are shown in the enclosed Statement (*See* below). The reported loss in market capitalisation due to such fluctuations is however, notional.

SEBI has taken various measures to ensure safety of the market and to curb excessive volatility. SEBI has put in place risk containment measures comprising capital adequacy, margining system, exposure controls and price bands. SEBI has been interacting with the stock exchanges regularly and the exchanges have been alerted to keep a close watch over the market and take appropriate action when required. The exchanges have informed SEBI that they have initiated various actions including imposition of higher margins and curbing of excessive concentration by brokers. SEBI has cautioned investors, through press releass, to exercise caution while transacting in securities.

STATEMENT

Date	Closing Figure of Sensex
3.4.2000	5052.94
4.4.2000	4691.46

Date	Closing Figure of Sensex
5.4.2000	4757.06
6.4.2000	4866.73
7.4.2000	5219.20
10.4.2000	5442.86
11.4.2000	5541.54
12.4.2000	5426.82
13.4.2000	5172.13
17.4.2000	4880.71
18.4.2000	4745.47
19.4.2000	4665.81
20.4.2000	4657.42
24.4.2000	4511.05
25.4.2000	4533.99
26.4.2000	4792.95
27.4.2000	4679.63
28.4.2000	4657.55
2.5.2000	4372.22
3.5.2000	4335.29
4.5.2000	4553.92
5.5.2000	4693.88
8.5.2000	4463.40
9.5.2000	4578.49
10.5.2000	4458.40
11.5.2000	4251.36

Wrong deduction of profits from sale of fuel to foreign airlines by IOC and BPCL

5420. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether CAG has recently criticised the tax authorities for allowing a wrong deduction of profits from the sale of fuel to foreign airlines by IOC and BPCL;